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WHEAT SITUATION*

July 1, 1944

The United States has in prospect for 1944 the largest wheat crop in its history. Production indicated by July 1 conditions promised 1,128,000,000 bushels of all wheat, 119 million bushels above the previous record of 1915. This large crop is the result of an unusual combination of large crops of both spring and winter wheat. As indicated by July 1 conditions, the winter wheat crop of 793,086,000 bushels is the second highest on record and the spring wheat crop of 334,736,000 bushels is the fourth largest on record. The Durum wheat crop of 36,051,000 bushels and 298,685,000 bushels of other spring wheat make up the spring wheat crop.

The 60,884,000 acreage of all wheat for harvest in 1944 is comparatively large, about one-fifth larger than the 1943 acreage of 50.5 million, and has been exceeded only 9 times since 1866.

The favorable turn in weather this spring and ideal harvesting conditions for winter wheat resulted in an average indicated yield of 18.5 bushels per acre for all wheat, exceeded only by the 1942 yield of 19.8 bushels per acre. The 1944 indicated yield of 18.9 bushels per acre for winter wheat and 16.7 bushels for spring wheat ranks high in record of yields for each kind of wheat.

Adequate moisture from spring rains brought about a remarkable recovery from the unpromising prospects for winter wheat last fall. Seeding condition for spring wheat was generally favorable except in South Dakota, where excessive moisture was a hindrance.

Supplies of Domestic Wheat

The domestic wheat supply for 1944-45, not including imports, is estimated at 1,478,000,000 bushels on July 1, and is exceeded only by the 1,606 million bushel supply in 1942-43. It is made up of the July 1 indicated crop of 1,128,000,000 bushels and the carry-over on July 1 of about 350 million bushels. The carry-over a year earlier was 616 million bushels.

Disappearance of wheat in 1944-45 is expected to continue large but may be smaller than in 1943-44. About 540 million bushels were used for food in 1943-44, seed took 79 million, and alcohol for war uses took about 110 million bushels. It is estimated that about the same amounts will be used for those purposes in 1944-45. About 475 million bushels of wheat were fed to livestock in 1943-44. This amount may be reduced to about 250 million bushels, depending on how the corn crop turns out and the number of livestock to be fed. Exports are expected to be larger and may total 125 million bushels, how large will depend on the needs of liberated countries. Imports will continue but at a reduced rate. Based on these estimated figures, the total disappearance of wheat in 1944-45 may total 1,100 million bushels, leaving about 375 million carry-over on July 1, 1945.

Storage

Commercial storage for the 1944 wheat presents a problem that is not so serious as might at first appear. The reduction of supplies of feed grains

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and the smaller carry-over of wheat have left more than the usual amount of commercial storage space available to handle the 1944 wheat crop, especially in the Southwest and the Northwest. This is in contrast to the situation of 2 years ago when storage space was short. Stocks of old wheat on farms are estimated at 102,533,000 bushels which is 90 million bushels less than a year ago, and the lowest since 1940. This reduction is particularly marked in the heavy wheat-producing Great Plains States, with the exception of North Dakota and Montana. Some difficulty has developed in handling local production in heavy-producing areas, where wheat has been piled on the ground awaiting movement to terminal markets. Availability of cars and particularly of labor to unload at terminal markets is the key to the situation. Piling wheat on the ground on the farm and at local shipping points at harvest time is not an unusual procedure but will require additional labor later.

Wheat Prices

Ceiling prices, as announced in regulations issued by the Office of Price Administration at selected markets, are as follows:

No. 2 soft red winter wheat at Chicago and St. Louis	\$1.71 7/8
No. 2 hard winter wheat at Kansas City, Mo.	1.62
No. 1 dark northern spring wheat at Minneapolis	1.63 7/8
No. 1 soft white wheat at Portland	1.58

These prices include the commission man's charge of $1\frac{1}{2}$ cents a bushel.

Wheat prices remained at ceiling levels for about 5 months but declined in June, reflecting improved crop conditions. On July 18, the price of No. 2 hard winter at Kansas City was 12 cents below the ceiling; No. 2 red winter at St. Louis 15 cents below ceiling; No. 1 dark northern spring wheat at Minneapolis 6 cents below the ceiling; and No. 1 soft white at Portland is now 6 cents under the ceiling.

Loan Rates on 1944 Wheat

Wheat loan rates on the 1944 crop were increased from 85 to 90 percent of parity as of July 1, 1944. The higher loan rate will reflect a national average of about \$1.35 per bushel of wheat on the farm as compared with \$1.28 loan rate announced on May 16. The 7-cent per bushel increase will also apply to 1944 wheat loans made prior to this later announcement. This increase will further support the prices of wheat.

National Wheat Goals for 1945

A national goal of 67-70 million acres of wheat for harvest in 1945 has been announced. This compares with the 67 million acres estimated as seeded for this year's crop. Absence of marketing quotas and acreage allotments will encourage optimum production of wheat in 1945.

An increased acreage is desirable because of the substantial reduction of wheat stocks, the probable lower average acre yields in 1945, and anticipated increased total need for wheat. Any increase in acreage of wheat should not be obtained by a reduction in the production of other essential crops. Maximum production with efficiency should be the overall goal.

World Wheat Situation

Large world wheat crops and reduced exports owing to war conditions have resulted in the largest world wheat supplies on record from 1938 to 1943.

Prospects for 1944 world wheat production, excluding China and U.S.S.R., will exceed slightly the production of 1943. Canada may produce a much larger crop in 1944 than the 294 million bushels in 1943.

European production will be lower than last year which was below average. The wheat crop in India is estimated as slightly below the 410 million bushels of 1943. Wheat acreage in Argentina and Australia will be increased for next year's crop.

Wheat stocks in Canada, Argentina, Australia, and the U.S. are estimated at 1,230 million bushels as of July 1, 1944, of which about 800 million bushels may be considered available for export. In addition the new crop surpluses from the 1944 harvests will further increase surplus available for export.

